

CONGRESS OF THE UNITED STATES

February 26, 2008

The Honorable Margaret Spellings
Secretary of Education
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202

Dear Madam Secretary:

I am writing to express my concern about the availability of student loans in the Federal Family Education Loan Program (FFELP). The current subprime mortgage crisis has spread to assets beyond home loans, and its affects are now being felt in the student loan market. As investors lose confidence in even highly rated securities, it has become increasingly difficult to fund student loans that meet the demand of our nation's graduates and undergraduates.

It also concerns me to see lenders reconsidering their participation, and in some cases already exiting, the FFELP program. If the marketplace does not improve shortly or we do not take steps to ensure liquidity, then our students will be the ultimate losers. The President of the Connecticut Student Loan Foundation has publicly stated that, "unless something changes in the marketplace, there will be a shortfall of funds available to make student loans." We must not wait until students are denied loans; that will be too late. Students in Connecticut and across the country need us to act now.

While I believe markets will improve over time, until confidence is restored in the financial markets, we need to make sure that student loans remain available. For this reason, I offered an amendment to H.R. 4137, the College Access and Opportunity Act, which was considered by the House of Representatives on February 7, to encourage federal financial entities to utilize their authority to ensure liquidity in the FFELP market.

Congressman
Christopher Shays
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My amendment simply expressed a Sense of Congress that federal financial institutions, like the Federal Finance Bank, the Federal Home Loan Bank, the Federal Reserve, and others, should utilize their authority to ensure the availability of various financing mechanisms in order to bring stability to the market. Unfortunately, my amendment was not made in order and the House did not have the opportunity to address this issue during floor debate of H.R. 4137.

Since then, I am pleased that many of my colleagues have joined me in recognizing the critical nature of this issue, which my amendment sought to address. The bottom line is, there is no better investment in our future economic stability than in educating our citizens to compete and succeed in the global economy. In light of the current market situation, I urge you to use your authority to ensure uninterrupted access to higher education. It is my hope that the Department of Education takes a serious look at this issue to guarantee students are not denied access to higher education at this critical time.

Sincerely,



Christopher Shays
Member of Congress

CS:khh